



*United States Attorney  
Southern District of New York*

FOR IMMEDIATE RELEASE  
SEPTEMBER 15, 2010

CONTACT: U.S. ATTORNEY'S OFFICE  
YUSILL SCRIBNER, EDELI RIVERA,  
JESSIE ERWIN  
PUBLIC INFORMATION OFFICE  
(212) 637-2600

SIGTARP  
KRIS BELISLE  
(202) 927-8940

FBI  
JIM MARGOLIN, RICHARD KOLKO  
(212) 384-2720, 2715

**ARIZONA BANK THAT RECEIVED TARP FUNDS AGREES TO FORFEIT  
PROFITS FROM PROCESSING ONLINE GAMBLING PAYMENTS**

***Bank Also Agrees To Implement Internal Money Laundering Controls  
To Comply With Federal Bank Secrecy Act***

PREET BHARARA, the United States Attorney for the Southern District of New York, NEIL M. BAROFSKY, the Special Inspector General for the Troubled Asset Relief Program ("SIGTARP"), and JANICE K. FEDARCYK, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced that the GOLDWATER BANK, N.A. ("GOLDWATER BANK"), located in Scottsdale, Arizona, entered into a settlement agreement requiring it to forfeit \$733,804.92 to resolve civil forfeiture claims alleging that the funds are traceable to property involved in money laundering, to proceeds of an illegal online gambling business, and to property used to operate an illegal online gambling business. GOLDWATER BANK previously received funds through the Capital Purchase Program of the Troubled Asset Relief Program ("TARP"). As part of the settlement, GOLDWATER BANK agreed to implement anti-money laundering and Bank Secrecy Act controls to safeguard the investment made by U.S. taxpayers in the bank against future risks.

UPLOADED  
WITH/TEXT \_\_\_\_\_  
WITH/OUT TEXT \_\_\_\_\_  
BY \_\_\_\_\_  
DATE 9/16/10

b6  
b7C

b7A  
b6  
b7C

Manhattan U.S. Attorney PREET BHARARA said: "Today's forfeiture underscores that banks, particularly TARP-recipients like Goldwater Bank, should not profit from the fruits of criminal conduct. The internal controls that Goldwater Bank must implement will help to ensure that such conduct will not be repeated. We will continue to work with our partners at SIGTARP and the FBI to ensure that financial institutions remain ever vigilant regarding the provenance of the funds that they process."

TARP Special Inspector General NEIL M. BAROFSKY said: "Today's charges and settlement should send a powerful message to TARP recipients that they will be held strictly accountable for any misdeeds while they stand as custodians of taxpayer dollars. SIGTARP commends the leadership of the U.S. Attorney for the Southern District of New York for his continued use of both civil and criminal remedies to protect taxpayer interests."

FBI Assistant Director-in-Charge JANICE K. FEDARCYK said: "Although Goldwater Bank denies guilty knowledge of its role in facilitating an illegal online gambling business, it was paid to execute transactions that were essential to the operation of this criminal enterprise. The forfeiture settlement means the bank won't profit by providing this service. The FBI remains committed to vigorous enforcement of the laws against illegal online gambling."

Mr. BHARARA praised the investigative work of SIGTARP and the FBI in the case.

This forfeiture action is being handled by the Office's Asset Forfeiture Unit. Assistant U.S. Attorneys JEFFREY ALBERTS and ARLO DEVLIN-BROWN are in charge of the prosecution.

10-289

###

According to the Complaint and Stipulation and Order of Settlement filed in Manhattan federal court:

Between January and May 2009, more than \$13,335,248.91 in funds traceable to Pokerstars, an online gambling company based in the Isle of Man, and other offshore online gambling companies were deposited in a bank account at GOLDWATER BANK held by ALLIED WALLET, INC. These funds were traceable to several sources, including wire transfers from outside the United States by individuals and entities who knew that (a) the funds involved represented the proceeds of the illegal transmission of gambling information and the operation of an illegal gambling business, (b) the transfers were made in order to promote the carrying on of an illegal gambling business, and (c) the transfers were designed in part to conceal or disguise the nature, location, source, ownership, and control of the proceeds of the illegal transmission of gambling information and operation of an illegal gambling business.

During this same time period, ALLIED WALLET, INC., paid GOLDWATER BANK for processing automated clearing house ("ACH") transactions, including payments in the form of ACH transactions to and from the bank accounts of online gamblers located in the United States who were using Pokerstars.com and other gambling websites to engage in online gambling. These ACS transactions typically involved payments from players to the gambling websites for credits used in online gambling and payments to the players for their online gambling winnings.

\* \* \*

On August 16, 2010, ALLIED WALLET, INC., ALLIED SYSTEMS, INC., and their owner AHMAD KHAWAJA entered into a settlement agreement requiring them to forfeit the \$13,335,248.91 traceable to Pokerstars and other offshore online gambling companies.

GOLDWATER BANK asserts that it did not know that the ACH transactions requested by ALLIED WALLET, INC., were being made to promote an illegal online gambling business. However, GOLDWATER BANK has agreed to forfeit \$733,804.92, an amount equal to the net income that it received to process these ACH transactions. In addition, in order to safeguard the United States' investment in the bank through TARP, GOLDWATER BANK has agreed to develop and implement internal anti-money laundering procedures, to comply with the Bank Secrecy Act, and to create internal training programs and an independent audit function to ensure that its compliance is effective.